

CHAPTER 9 CASH REQUESTS

INSTRUCTIONS FOR COMPLETING A CASH REQUEST

The **Cash Request**, is used to request CDBG funds and can be submitted monthly to request a cash draw. **A completed Cash Request must also be submitted if the program's cash-on-hand exceeds \$5,000 at the end of a month.**

The form is available as a pdf file, an Excel 2000 document, or a Word 2000 document and is available on the HCD Website: http://hcd.ca.gov/ca/cdbg/gmm/far_forms.html.

PREDESCRIBED CONDITIONS

Your CDBG contract will contain conditions that must be met prior to your incurring administrative and/or program activity costs, and prior to drawing down CDBG funds. For example, most grantees may incur general administrative costs from the effective date of the contract but may not incur costs or expend funds for program activities until they fulfill the environmental review requirements and any special conditions of the contract.

Review your contract to determine which special conditions must be met prior to incurring program activity costs to be paid with CDBG funds. Once the Department has confirmed in writing that you have met the conditions, you may incur program activity costs.

Remember that no costs incurred prior to the effective date of your CDBG contract may be charged to CDBG unless you have special written permission from the Department. Once the contract is signed by the State, eligible expenditures may be incurred and expended against the grant subject to the contract terms.

INSTRUCTIONS FOR HEADING

Grantee, address, and phone number: Enter the jurisdiction's name, mailing address, and phone number. Note: Warrants will be mailed to the address shown on the Grantee's Standard Agreement and not the address shown on the above heading.

Contact, title, organization, phone number. Enter the name, and other information requested, of the person to contact regarding questions on the Cash Request.

Grant No: Enter the grant number shown on the Standard Agreement.

Grant Amend. #: If the grant has been amended, please enter the number of the last amendment. Show N/A (not applicable) if no amendments have been approved.

Start and Expiration Date: Enter the start date of the grant, located on the bottom right corner of the Standard Agreement, and the date the grant expires.

Type of Cash Request: Check one or more boxes to show the type of cash request being submitted:

- **Advance** - The initial request for an advance may be for the first two months' cash needs as estimated in your application. In most cases, this will be for general administrative costs only. Additional advance of funds may be requested when your monthly cash flow analysis indicates a need for additional funds. At the time of a request, cash-on-hand, including program income devoted to the activities should not exceed \$5,000 without clear justification. Be advised that federal regulations require program income to be used prior to expending grant funds. Advances may only be requested up until the 27th month of the contract for 30-month grants or 90 days before the expiration of a planning grant. Funds requested after these dates must be requested on a reimbursement basis.
- **Reimbursement** - You may request grant funds on a reimbursement basis for CDBG goods and services paid from non-CDBG sources.
Note: Advances to a subcontractor should not be classified as a reimbursement of cost.
- **Lump sum** - Lump-sum draw downs are permitted only for the loan pool portion of Housing Rehabilitation activities. The general administration and activity delivery portion of the CDBG grant must be requested using either the advance or reimbursement methods described above.
- **Final Cash Request** – The final cash request is accepted up to 45 days after the expiration date of the grant. Please mark Final Cash Request box on your last Cash Request.

CASH REQUEST

The Cash Request is used to request grant funds. The Cash Request also shows the status of the grant funds, including the amount disbursed and the cash-on-hand. The Cash Request is due by the end of each month (if needed) or quarter.

A completed Cash Request is due within 30 days after the quarterly report period ends and up to 45 days after the expiration date (Final Cash Request).

Request Number: Enter the request number. Cash Requests will be numbered consecutively 1,2,3... Also number Cash Requests that are requesting zero cash.

Report Period: Enter the report period covered by the Cash Request. Normally, the date will be from the **first to the last day** of a month or quarter. The exceptions will be the first and last report, which may start or end in the middle of a month.

Column (1) Program Activities: List the **grant activities**, as shown on the first page of the Standard Agreement.

Column (2) HUD Code: List the **HUD Code** for each activity, as shown on the first page of the Standard Agreement. Note: Call your program representative if the HUD Code is missing.

Column (3) Budgeted Amount: List the **amount budgeted** for each activity, as shown on the first page of the Standard Agreement.

Column (4) Total Requested to Date: List the **total** CDBG funds requested on **previous** cash requests for each activity.

Column (5) Total CDBG Cash Received: List the **total** CDBG funds **received** for each activity as of the end of the report period.

Column (6) Total CDBG Cash Disbursed: List the **total** CDBG **cash disbursed** for each activity as of the end of the report period. Do not include cash disbursed from other non-CDBG sources. Only report CDBG funds disbursed.

Column (7) Cash-On-Hand: List the **difference** between columns 5 minus 6. This is the cash-on-hand, which must be tracked by activity. If the total cash-on-hand for **all** activities **exceeds \$5,000** at the end of a month, a Cash Request must be completed and submitted to the Department even if no funds are being requested.

Note: During the term of the grant, it is possible that an activity could have a negative balance. At grant expiration, no activity will have a negative cash balance.

Column (8) Cash Requested: List the amount of CDBG funds being requested for each activity. Sound cash management procedures need to be established to ensure the funds requested do not exceed the program's 30 days cash needs. The exception would be cash draws for the lump sum account and the initial cash request.

GRANTEE CERTIFICATION

An authorized person must sign the cash request. A subcontractor cannot sign the cash request.

COMMON PROBLEMS

- Incurring costs or requesting funds for project activities prior to the clearance of grant conditions.
- Request for advance exceeds amount required for immediate (30-day) needs.
- Request date on Cash Request is after the expiration date.
- Expenditures were incurred after the expiration date of the grant.
- Returned fund amounts are not detailed by activity.

DEPARTMENT'S ROLE

CDBG fiscal and program staff review each Cash Request and will return it to you if corrections are needed. Staff will compare the request to recent reports to assess the actual expenditures and need for cash.

REFERENCES

- 24 CFR 570.489© (1) establishes rules for advances and interest earnings thereon.
- 24 CFR 570.513 establishes lump-sum drawdown requirements.
- 24 CFR 560.511 describes the escrow account.
- Treasury Circular 1075 sets the policy for sound cash management practices.

